

HB 256 with HCA 1 -- MERCHANDISING PRACTICES

SPONSOR: Dugger

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Banking by a vote of 8 to 2.

This bill specifies that any bank, savings bank or thrift, trust company or credit union, or a wholly owned subsidiary or service corporation thereof, with regard to lending and loan servicing and collection, is exempt from specified unlawful merchandising practices provisions provided the institution is under state or federal supervision and subject to regular periodic examination by a state or federal regulatory agency.

The bill further exempts those entities subject to licensing, chartering and regulation by the Division of Finance and the Division of Credit Unions from civil actions brought under the provisions of the Merchandising Practices Act.

HCA 1: Removes the provision which specifies that any bank, savings bank or thrift, trust company or credit union, or a wholly owned subsidiary or service corporation thereof, with regard to lending and loan servicing and collection, is exempt from specified unlawful merchandising practices provisions provided the institution is under state or federal supervision and subject to regular periodic examination by a state or federal regulatory agency

PROPONENTS: Supporters say that this bill clarifies the exemptions regarding who can be sued under the provisions of the Merchandising Practices Act.

Testifying for the bill were Representative Dugger; Missouri Credit Union Association; Missouri Bankers Association; and Harry Gallagher.

OPPONENTS: Those who oppose the bill say that this is a consumer protection issue. It is believed that certain lenders are providing bad information regarding loans and the borrower ends up in default. This gives the borrower an avenue for recourse by allowing them to bring a civil action under the Merchandising Practices Act.

Testifying against the bill were Ben Burkemper, Attorney General's Office; Joe Bindbeutel, Attorney General's Office; Kenneth Wivew; Greg Aleshire; Kenny Hudson; and David Angle.